

# Making the business case for corporate social responsibility and perceived trustworthiness: A cross-stakeholder analysis

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## Funding information

PSC CUNY Research Award, Grant/Award  
Number: #68409-00 46

## Abstract

The business case for corporate social responsibility (CSR) suggests that by doing good (i.e., engaging in CSR) a firm will do well (i.e., be profitable), and this notion has permeated the linguistic sensemaking of firm actors. But how are firms that articulate business-case justifications evaluated by various stakeholders? We hypothesize that the way firms communicate their CSR engagement (i.e., accompanied by business-case justifications or not) differentially impacts stakeholders' perceived integrity, benevolence and ability trustworthiness of the firm. Conducting the same online experiment with two separate samples from the United States, we replicate three results; business-case justification for CSR reduces benevolence trustworthiness among employees, increases ability trustworthiness among investors, and has no effect on perceived trustworthiness among consumers. We discuss the implications of our findings for the CSR literature and encourage future researchers to more carefully scrutinize the implications of justifying CSR with the business case.

## KEYWORDS

corporate social responsibility (CSR), moral intensity, organizational theory

# 1 | INTRODUCTION

Making the business case for corporate social responsibility (CSR) has risen in prominence in recent years (Blodgett, Hoitash, & Markelevich, 2014; Gond, Palazzo, & Basu, 2009; Lee, 2008; Salzmann, Ionescu-somers, & Steger, 2005). The business case for CSR refers to “the establishment of the ‘business’ justification and rationale, that is, the specific benefits to businesses in an economic and financial sense that would flow from Corporate Social Responsibility (CSR) activities and initiatives” (Carroll & Shabana, 2010:92). More colloquially, making the business case for CSR sounds something like, “we do well by doing good” or “it’s a win-win” or “there is no tradeoff.” The pervasiveness of the business case for CSR is exemplified by a flurry of theoretical and empirical studies among business scholars seeking to identify the link between corporate social performance (CSP) and corporate financial performance (CFP) (e.g., Orlitzky, Schmidt, & Rynes, 2003). But we address this phenomenon from a different angle. Assuming the pervasiveness of the business case for CSR has also trickled down from the ivory towers and into the linguistic sensemaking of firm actors (Basu & Palazzo, 2008; Palazzo & Scherer, 2006; Peters, Waples, & Golden, 2014), we scrutinize the effect it has on stakeholders’ evaluations of the firm (Bitektine, 2011), in particular, the perceived trustworthiness of the firm.

In this article, we make three contributions to existing literature. First, we extend scholarly interest in the role that trust plays in attracting financial rewards to CSR firms (Barnett, 2007, 2019; Burbano, 2016; Greening & Turban, 2000; Harrison, Bosse, & Phillips, 2010; Pivato, Misani, & Tencatin, 2008; Turban & Greening, 1997) by theorizing and empirically measuring three kinds of perceived trustworthiness: integrity, benevolence, and ability (Mayer, Davis, & Schoorman, 1995). Second, while many stakeholder evaluation scholars focus on a single (e.g., Chernev & Blair, 2015; Du, Bhattacharya, & Sen, 2010) or nonspecified (Jahn, Eichhorn, & Brühl, 2017) stakeholder’s evaluation of a firm, we conduct a cross-stakeholder analysis (Pirson & Malhotra, 2011; Pirson, Martin, & Parmar, 2017; Sen, Bhattacharya, & Korschun, 2006) enabling comparison between consumers, employees, and investors. Third, we take a novel approach to business-case scholarship and scrutinize how stakeholders respond to firms’ linguistic sensemaking that articulates a business-case justification for their CSR. This creates the following research questions we address in this article: How does the business-case justification for a firm’s CSR affect its perceived trustworthiness? Does this effect vary by stakeholder?

This article is arranged as follows. First we review literature on the business case for CSR and then point out that trustworthiness is as a key mechanism used to explain why CSR firms are frequently hypothesized to be more profitable. We then theorize business-case justifications for CSR as a specific type of linguistic sensemaking that firm actors frequently engage in and argue such sensemaking shapes stakeholders’ evaluations of the firm. Borrowing Mayer et al. (1995), we generate hypotheses that predict different business-case treatment effects for various combinations of stakeholder category and type of perceived trustworthiness. By conducting the same online survey experiment on a sample of Amazon Mechanical Turk (MTurk) workers and a US undergraduate sample, we replicate three key results: (1) business-case justifications reduce benevolence trustworthiness of the firm as perceived by employees, (2) they increase ability trustworthiness perceived by investors, and (3) business-case justifications have no effect on any type of trustworthiness perceived by consumers. We end with a discussion of our findings and its implications for the CSR literature.

## 2 | THE BUSINESS CASE FOR CSR

The business case for CSR is a pervasive theory in academia and in business. Gond et al. (2009) state, “There are few doubts that justifying CSR by building an appropriate business case has played a key role in providing credibility and legitimacy to CSR among sceptics within business and facilitated the development of CSR-oriented industries such as socially responsible investing and ultimately the institutionalization of CSR itself” (p. 68). Hahn, Pinkse, Preuss, and Figge (2016) theorize firms’ instrumentally driven social initiatives can coexist with morally driven social initiatives and under the right conditions, enhance corporate social performance.

Nevertheless, there remains skepticism, particularly with respect to the ultimate effect of business case CSR on society. Gond et al. (2009) argue that the instrumental approach to CSR hollows out CSR’s ethical core as it undermines *unprofitable* CSR and replaces ethical values with business priorities. Barnett (2019) suspects the current focus on finding win–win opportunities draws firms to myopically focus on its primary stakeholder relationships which “has had the perverse effect of limiting firms’ efforts to resolve critical issues facing society” (p. 2). Some critics argue that the business-case orientation treats stakeholders as worthy of communication only to the extent that it benefits corporate profits (Brown & Fraser, 2006). Hence the business-case approach to social and ethical reporting might at best lead to “a ‘soft’ form of accountability,” whereby “corporations are engaging in stakeholder dialogue and utilizing information thus gleaned for the purpose of self-reporting on their trustworthiness as part of a reputation building process” (Owen & Swift, 2001, p. 6). In this article, we offer an empirical contribution to this ongoing critical, and largely theoretical, examination of the business case for CSR. By scrutinizing various stakeholders’ evaluations of firms that articulate the business case for CSR, we highlight the potentially negative ramifications that accrue to firms themselves, in the form of reduced perceived trustworthiness.

Another dominant vein of business-case scholarship posits a positive association between corporate social performance (CSP) and corporate financial performance (CFP) (Carroll & Shabana, 2010; Margolis & Walsh, 2003; Porter & Kramer, 2006). Meta-analyses have corralled hundreds of studies aimed at estimating this CSP–CFP Link (e.g., Margolis, Elfenbein, & Walsh, 2009; Orlitzky, 2011; Orlitzky et al., 2003; Shahzad & Sharfman, 2017) and have generally concluded that there is a positive and significant relationship between CSP and CFP. There is growing recognition, however, that scholars must focus more on the mediating factors and mechanisms that more fully explain the CSP–CFP link (Barnett & Salomon, 2012; Carroll & Shabana, 2010; Margolis et al., 2009).

## 3 | TRUSTWORTHINESS

Trust is one such mechanism frequently mentioned in the literature. According to Kurucz, Colbert, and Wheeler’s (2008) review of the business case for CSR, one way to lower the costs of social and environmental action is to establish “trusting relationships with key stakeholders” (p. 88). Indeed, stakeholder trust is beginning to attract more attention among business ethics scholars (e.g., Crane, 2018; Lleó de Nalda, Guillén, & Gil Pechuán, 2016; Pirson & Malhotra, 2011; Pirson, Martin, & Parmar, 2016). Wang, Tsai, and Lin (2013), for instance, find organizational trust has both main and moderating effects in the relationship between employee’s perceived corporate citizenship of their employer and organizational commitment. In this article, we borrow Mayer et al.’s (1995) model of organizational trust, in which trust refers to “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (p. 712). This model

articulates three types of perceived trustworthiness: integrity, benevolence, and ability. We more thoroughly explore each type of perceived trustworthiness in developing our hypotheses below.

Fleshing out the role stakeholder trust might play in solidifying the CSP–CFP link, Barnett (2019) hypothesizes that “...stakeholders have greater trust in firms that engage in altruistic actions and so favor them as exchange partners” (p. 11). Pivato et al. (2008) claim “the creation of trust among stakeholders is one of the most immediate consequences of a company's social performance” (p. 5) and “Concerning calculative trust, consumers should conclude that a reputable company, which has been... generally appreciated as an ethical player, has strong incentives to maintain its reputation. Therefore, consumers can consider such a company less likely to renege on promises” (p. 7). Concordantly, Perrini, Castaldo, Misani, and Tencati (2010) found that consumers are more likely to trust products sold by a retailer considered socially responsible, and that this consumer trust translates into brand loyalty and a willingness to pay premium prices. In a similar vein, Burbano (2016) proposed employees of socially responsible companies were willing to accept lower pay because they interpreted a “socially responsible message as a signal that the employer was trustworthy and would treat the prospective worker fairly” (p. 5). Without explicitly testing this trustworthiness mechanism, she finds evidence that temporary workers accept lower pay when working for a socially responsible employer, elucidating an employee-centric mechanism that joins CSR with corporate financial performance.

Other scholars focus on the association between CSR and stakeholder trust, without incorporating corporate financial performance; this is our approach. Pirson et al. (2016), for instance, find that mission statements focused on creating employment tend to engender higher levels of public trust than mission statements focused on profitability alone. Regarding employee reactions to CSR, Rupp, Ganapathi, Aguilera, and Williams (2006) argue that “employees often rely on fairness perceptions to decide whether management is trustworthy, non-biased, and will treat them as legitimate members of the organization” (p. 538). B. Crane (2018) hypothesizes a spillover effect of trustworthiness, whereby a firm's trust-building actions, such as transparency and responsiveness, with respect to one stakeholder signal trustworthiness to other stakeholders of the firm.

Crane (2018) also joins scholarship that is beginning to consider conditions under which CSR can lead to negative evaluations of a firm. He hypothesizes that prioritizing one stakeholder for preferential treatment will decrease overall trust in the focal firm because “prioritization invites stakeholders to make judgments about the distribution of resources based on varying criteria, and may foster dissatisfaction and contention among stakeholders as well as animosity toward focal firm” (Crane, 2018, p. 15). Jahn et al. (2017) find that stakeholders attribute extrinsic motivations (as opposed to altruistic commitment) to firms that create benefits for the firm in addition to social benefits, a phenomenon similar to the business case for CSR. This perception of extrinsic motivations is also found to negatively affect corporate credibility and organizational legitimacy. We extend existing literature's emphasis on the conditions under which CSR related phenomena lead to negative evaluations by explicitly testing the effect of business-case CSR communication on stakeholders' (i.e., consumers', employees', and investors') perceptions of firm trustworthiness.

## 4 | SENSEMAKING AND BUSINESS-CASE CSR COMMUNICATION

Communication is essential for firms to manage relationships with stakeholders and maintain a climate of trust, which is important for the effectiveness of CSR policies (Mathis, 2007). In order for the trust mechanism to operate, stakeholders must be able to identify the firms that deserve their trust.

This is especially problematic because many stakeholders are simply unaware of firms' responsible activities (Sen et al., 2006). Functionalist CSR communication, or a straightforward reflection of a firm's CSR reality, is important for this reason (Crane & Glozer, 2016). In addition to making stakeholders aware of CSR content, however, the chosen language, or linguistic sensemaking, can also involve a social construction of reality (Brown, Colville, & Pye, 2015; Crane & Glozer, 2016). Sensemaking refers to "the ongoing retrospective development of plausible images that rationalize what people are doing" (Weick, Sutcliffe, & Obstfeld, 2005, 409) and Basu and Palazzo (2008) write that organizations' linguistic sensemaking around their CSR activity reveals "how they interpret their relationships with stakeholders and view their broader responsibilities to society" (p. 127). In other words, the way in which firms talk about their CSR activity (i.e., their linguistic sensemaking) matters because it communicates something about the "character" of the firm. Borrowing causal attribution theory, Gond, El Akremi, Swaen, and Babu (2017) state, "When people evaluate actions, they tend to judge not only the tangible facts but also the motives they assign to other parties" (p. 232). In this article, we focus on CSR communication that reveals the firm's profit motive for engaging in CSR and explore how this effects the perceived trustworthiness of the firm.

Salzmann et al. (2005) note that academic scholarship frequently ignores how business managers actually incorporate the business case into their work, and call for more descriptive studies of these phenomena. This raises an interesting question. Is the business case for CSR just an influential theory that keeps academics busy, or does it actually impact the decision making of managers and most importantly for this article, does it seep into their communication with stakeholders? In a word, yes. More recent empirical studies of firms' sensemaking have identified the business-case justification for CSR as a key category (e.g., Humphreys & Brown, 2007). Landrum and Ohsowski's (2018) analysis of CSR reports finds that communicating the business case for sustainability received the most emphasis (relative to compliance, systematic, regenerative and coevolutionary stages of corporate sustainability). Hockerts (2015) too finds that the business case perspective is the dominant logic among representatives of firms. The growing demand for business-case rhetoric has yielded CSR reports replete with "statements seemingly written to reassure readers that the overarching goal is still profitability" (Kreps & Monin, 2011, 101). Summarizing their interactions with business executives, Margolis, Walsh, and Kreymeyer (2006) conclude, "Managers and executives today are expected to build the 'business case' for all corporate initiatives, including programs and activities that encompass social or ethical performance" (p. 3). In sum, there is ample empirical evidence to demonstrate that business-case CSR justifications are a widespread linguistic sensemaking phenomenon in business. We turn now to consideration of stakeholders' evaluations of such sensemaking.

## 5 | HYPOTHESES

### 5.1 | Integrity trustworthiness

Mayer et al.'s (1995) integrity trustworthiness refers to the "perception that the trustee adheres to a set of principles that the trustor finds acceptable" (p. 719). To the extent that stakeholders' moral values align with a firm's specific CSR engagement, we would expect the firm to benefit from integrity trustworthiness. The particular question we pose, however, is whether this integrity trustworthiness is effected by making the business case for CSR. Put another way, one encapsulation of the business-case logic is that pursuing the good does *not* require financial sacrifices. The converse of the "win-win" logic, however, is rarely considered. Namely, pursuing profit does not require a sacrifice on integrity,

i.e., the perceived integrity trustworthiness of stakeholders. We scrutinize this latter claim and find theoretical reasons to question its veracity.

Scholars suggest that self-orientation tends to run against the grain of morality. To be fair, ethical egoism is a formal philosophical theory “stating that the only valid standard of conduct is the obligation to promote one's well-being above everyone else's” (Beauchamp & Bowie, 2004, p. 14). Beauchamp and Bowie (2004) go on to claim, however, that “ethical egoism is dramatically different from common moral beliefs” (p. 15). Our focus on stakeholder perceptions of firms (not moral philosophers' perceptions) directs us to theorize about “common moral beliefs.” Jones, Felps, and Bigley (2007) assert “it is not much of an intellectual stretch to say that ethics is about other-regarding, rather than self-regarding, thought and behavior” (p. 138). They go on to categorize firms along a conceptual continuum, ranging from Agency (the most self-interested culture, which they label “amoral”) to Altruist (having a genuine concern for stakeholder interests; Moralist). Haidt and Kesebir (2010) claim “Moral systems are interlocking sets of values, virtues, norms, practices, identities, institutions, technologies, and evolved psychological mechanisms that work together to *suppress or regulate selfishness* and make cooperative social life possible” (p. 800, emphasis added). Bhattacharjee, Dana, and Baron (2017) empirically show that their study participants tend to view profit seeking firms as immoral and harmful to society.

Tapping into a Kantian ethical framework, Gond et al. (2009) argue that the business case for CSR “considers stakeholders as simply the means rather than ends in themselves, and their relevance assessed by their impact on competitive advantage and financial performance” (p. 67). This leads us to argue that when a firm's profit orientation is manifest, even when articulating its justification for CSR, stakeholders perceive the integrity of the firm to be compromised. In other words, we find the oft-ignored converse interpretation of the business-case logic theoretically problematic. Instead of business-case logic's claim that there is no tradeoff, we think that pursuing profits does sacrifice the perceived integrity of the firm.

Revisiting Mayer et al.'s (1995) emphasis on the congruence between the trustee's principles and the “set of principles that the trustor finds acceptable,” (p. 716) we do not find any theoretical reason to expect consumers', employees' or investors' moral values to differentially align with support for recycling to help the environment, the specific CSR engagement we will use in our experimental vignette. We therefore expect there to be a tradeoff between profit orientation and perceived integrity trustworthiness for each of our featured stakeholders.

**Hypothesis 1** *Consumers' perceived integrity trustworthiness of a firm is lower when the firm uses a business-case justification for its CSR activity (relative to no business-case justification).*

**Hypothesis 2** *Employees' perceived integrity trustworthiness of a firm is lower when the firm uses a business-case justification for its CSR activity (relative to no business-case justification).*

**Hypothesis 3** *Investors' perceived integrity trustworthiness of a firm is lower when the firm uses a business-case justification for its CSR activity (relative to no business-case justification).*

## 5.2 | Benevolence trustworthiness

Benevolence trustworthiness refers to “the extent to which a trustee is believed to want to do good to the trustor” (Mayer et al., 1995, p. 718). In other words, when a trustor believes the trustee is looking out for the trustor's interest, the trustee is perceived to have higher benevolent trustworthiness. Applying this to the CSR context, the instrumental motivations of stakeholders will attract stakeholders to CSR firms because engaging in CSR sends a signal that the firm will deal favorably and fairly

with stakeholders (Aguilera, Rupp, Williams, & Ganapathi, 2007; Jones, Willness, & Madey, 2014). We suspect all stakeholders would expect favorable treatment from (i.e., perceive benevolence trustworthiness in) firms that engage in CSR.

In this article, however, we are not focused on the direct effect of CSR engagement. Rather, we focus on the effect of a *business-case CSR* justification. We think consumers and employees are likely to respond negatively (i.e., have lower perceived benevolence trustworthiness) to firms that use a business-case CSR justification because it signals that the firm will only treat them well when it is profitable to do so. Consumers and employees might then reason that when firm actors conclude that consumer and/or employee enhancing activity is costly, they won't do it.

**Hypothesis 4** *Consumers' perceived benevolence trustworthiness of a firm is lower when the firm uses a business-case justification for its CSR activity (relative to no business-case justification).*

**Hypothesis 5** *Employees' perceived benevolence trustworthiness of a firm is lower when the firm uses a business-case justification for its CSR activity (relative to no business-case justification).*

The same profit orientation signal that is negatively evaluated by consumers and employees, however, will be positively evaluated by investors. Hockerts and Moir (2004) interview investor relations officers and find they tend to believe that mainstream investors are gradually integrating "social and environmental criteria into their assessments" but are primarily concerned about "material risks that are quantifiable and which have a direct financial impact" (p. 95). Namely, business-case CSR strongly signals that the firm is very concerned about "being good" to investors via its focus on profits and consequently shareholder value. We therefore predict,

**Hypothesis 6** *Investors' perceived benevolence trustworthiness of a firm is higher when the firm uses a business-case justification for its CSR activity (relative to no business-case justification).*

### 5.3 | Ability trustworthiness

Ability trustworthiness refers to the trustee's "skills, competencies, and characteristics that enable a party to have influence within some specific domain" (Mayer et al., 1995, p. 717). This domain specific nature of ability trustworthiness suggests specific skills and competencies are expected from businesses. Because a core characteristic of business is its profit orientation, making a profit is a key skill and competency that any business would be expected to possess.

Furthermore, we expect all stakeholders to recognize the importance of profit making for businesses. Investors are critically dependent on firm profitability in order to receive returns on their capital in the form of dividends and/or rising market valuation; hence they will attend to successful profit orientation as a key metric of firm ability. Likewise, to the extent that profitability enhances a firm's probability of survival in a competitive environment, employees whose livelihood depends on the firm's continuation will also see profit making as a desirable dimension of ability. Moreover, while consumers may not benefit directly from a firm's profits, they are apt to see such profits as evidence of competent management which in turn creates high-quality products and services; by contrast, unprofitable firms may cut corners on safety or customer relations.

Articulating a business-case justification for CSR clearly informs stakeholders that the firm is demonstrating a competency that is core to all businesses; profit making. We therefore predict,

**Hypothesis 7** *Consumers' perceived ability trustworthiness of a firm is higher when the firm uses a business-case justification for its CSR activity (relative to no business-case justification).*

**Hypothesis 8** *Employees' perceived ability trustworthiness of a firm is higher when the firm uses a business-case justification for its CSR activity (relative to no business-case justification).*

**Hypothesis 9** *Investors' perceived ability trustworthiness of a firm is higher when the firm uses a business-case justification for its CSR activity (relative to no business-case justification).*

In summary, we have hypothesized that different stakeholders will perceive different forms of trustworthiness in response to a firm's business-case justification of its CSR activity (see Table 1 for a summary of our hypotheses). This matrix of hypotheses adds three levels of complexity to common claims in the CSR literature that trust attracts stakeholders to CSR firms (e.g., Barnett, 2019; Burbano, 2016; Kurucz et al., 2008; Pivato et al., 2008). First, we consider three different kinds of perceived trustworthiness. Second, we scrutinize the type of CSR communication that is used to unleash stakeholder trust. This suggests engaging in CSR is not sufficient to induce trust, but the way in which it is communicated also matters. And third, we consider how this relationship varies by stakeholder. Existing theoretical statements and empirical studies tend to focus on one particular stakeholder or none in particular, but this study is intentionally designed to compare different stakeholder responses to CSR communication, a valuable contribution to the CSR literature.

## 6 | DATA AND METHODOLOGY

### 6.1 | Experimental design

To test these hypotheses, we employed a  $2 \times 3$  between-subject online experimental design. Online participants were told to read a newspaper excerpt about a firm. We chose the newspaper medium because Yoon, Gürhan-Canli, and Schwarz (2006) find consumers tend to respond more favorably to CSR information when learning about it from an independent source, such as a newspaper, as compared to the firm's own advertising. In other words, the newspaper CSR medium is likely to resonate with stakeholders. Furthermore, Pollach (2014) finds news media content tends to mirror the environmental content found in corporate reports, and Lee and Carroll (2011) conclude "CSR has become more newsworthy over time" (p. 127–128), underlining the external validity of our design.

Half of the participants were randomly assigned to read a "no business-case justification" condition excerpt, which only contains language about the firm's recycling program. The other half read the "business-case justification" condition, which is identical but with the addition of business-case

**TABLE 1** Business-case treatment effect predictions across perceived trustworthiness outcomes and stakeholders

|                             | Consumer | Employee | Investor |
|-----------------------------|----------|----------|----------|
| Integrity trustworthiness   | H1–      | H2–      | H3–      |
| Benevolence trustworthiness | H4–      | H5–      | H6+      |
| Ability trustworthiness     | H7+      | H8+      | H9+      |

*Note:* Shaded cell indicates that the prediction is confirmed. (–) represents a negative business-case treatment effect. (+) represents a positive business-case treatment effect.

justifications (see Appendix 1). The fictitious newspaper account was loosely based off an actual document found on General Motor's website, which makes the business case for its recycling program (General Motors, 2012). We focused on recycling as an example of CSR because it is a common activity that helps the environment by reducing landfill waste and because firms frequently justify their recycling programs by touting their cost-saving benefits.

To determine the potentially differential response to business-case justification across stakeholders, online participants were presented with the following directions before reading the fictitious newspaper account: From the perspective of (a consumer, a potential employee, an investor) read the following newspaper excerpt about a business." This stakeholder manipulation is similar to the approach taken by Pirson et al. (2017). Respondents were also reminded of their randomly assigned stakeholder identity in brief directions before a battery of survey items about the newspaper article. For instance, participants read "Thinking about the article entitled FurnCo's Recycling Program Reduces Waste (and Generates Profits) from the perspective of (a consumer, a potential employee, an investor) please indicate the extent to which you agree with the following statements." This reminder of stakeholder group helped to reinforce the stakeholder manipulation.

## **6.2 | Samples**

### **6.2.1 | Online crowdsource subjects**

To increase confidence in the external validity (within the United States) of our results, we conducted the same experiment on two separate samples; Amazon Mechanical Turk (MTurk) workers and an undergraduate pool from a large university in the Northeast of the United States. A growing body of social scientific researchers has utilized MTurk to recruit survey participants to complete online surveys. Weinberg, Freese, and McElhattan (2014) conducted the same vignette-based experiment on a nationally representative sample and an MTurk sample and found, "while demographic differences exist, most notably in age, the actual results of our experiments are very similar, especially once these demographic differences have been taken into account. Indicators of data quality were actually slightly better among the crowdsource subjects" (p. 292). While MTurk samples are not nationally representative, they tend to yield a more diverse sample of respondents than undergraduate samples many experimentalists have hitherto relied upon, particularly on the age dimension (Berinsky, Huber, & Lenz, 2012).

MTurk participants in this study (conducted from December 14 to December 17, 2016) were compensated \$0.50 for their participation which took a median of 4.9 min to complete. The final sample size of the 2 × 3 between-subject experiment was 600. We dropped 98 participants (16%) for failing to correctly answer two (out of two) attention checks, leaving 502 participants in our analysis sample. The hypothesis testing results reported below were confirmed when conducting the same forthcoming analyses on the full sample, i.e., including those who failed one or two attention checks (Berinsky, Margolis, & Sances, 2014).

### **6.2.2 | Undergraduates**

Our undergraduate sample attended a large urban university in the Northeast at the time of the study, February 23 to March 7, 2017. All participants received course credit for the management and/or psychology course they were enrolled in at the time of the research. The final sample size of the

$2 \times 3$  between-subject experiment was 435. After dropping 107 (25%) respondents from the sample because they failed to correctly answer two simple attention checks, we analyzed a final sample of 328 participants. Unlike the MTurk sample, including those who failed attention checks in analyses produced a nonstatistically significant result for one of the key findings we present, which we explore in more detail below.

Each sample had different demographic characteristics (see Table 2). Most notably, the undergraduate sample was much younger, more likely to be female, and more likely to be Asian American than the MTurk sample. The MTurk sample was majority White/Caucasian. Our replication of the following results, despite the stark differences between these samples' demographic compositions, enhances the external validity of and confidence in our findings.

### 6.3 | Outcome measures

We borrowed Mayer and Davis' (1999) survey items to measure our dependent variables: integrity trustworthiness, benevolence trustworthiness and ability trustworthiness. Each construct was measured by the mean of four survey items, which participants answered directly after reading the fictitious newspaper article (see Appendix 2 for survey items). Participants were asked to indicate the extent to which they agree with each statement on a scale from 1 (agree very little) to 7 (agree very much). Cronbach Alpha estimates from the MTurk sample are 0.93, 0.89 and 0.93 for the integrity, benevolence, and ability outcomes, respectively. Cronbach Alpha estimates from the undergraduate sample were 0.85, 0.81, and 0.88 for the integrity, benevolence, and ability outcomes, respectively.

**TABLE 2** Descriptive statistics

|                                 | Mechanical turk sample<br>( <i>N</i> = 502) | Undergraduate sample ( <i>N</i> = 328) |
|---------------------------------|---------------------------------------------|----------------------------------------|
|                                 | Mean/proportion (95% CI)                    | Mean/proportion (95% CI)               |
| Integrity trustworthiness       | 6.15 (6.07, 6.23)                           | 5.45 (5.34, 5.56)                      |
| Benevolence trustworthiness     | 4.99 (4.89, 5.09)                           | 4.56 (4.44, 4.69)                      |
| Ability trustworthiness         | 6.00 (5.91, 6.08)                           | 5.40 (5.29, 5.51)                      |
| Female                          | 0.55                                        | 0.67                                   |
| Age                             | 38.2 (37.1, 39.3)                           | 21.7 (21.2, 22.1)                      |
| Race/Ethnicity                  |                                             |                                        |
| White/Caucasian                 | 0.74                                        | 0.20                                   |
| Black/African American          | 0.09                                        | 0.06                                   |
| Hispanic/Latino                 | 0.07                                        | 0.13                                   |
| Asian or Asian American         | 0.06                                        | 0.56                                   |
| Pacific islander                | 0.004                                       | 0.003                                  |
| American Indian/Native American | 0.002                                       |                                        |
| Mixed race                      | 0.03                                        | 0.03                                   |
| Other                           | 0.008                                       | 0.003                                  |
| Active investor                 | 0.33                                        | 0.10                                   |

*Note:* Descriptive statistics are calculated on truncated samples that exclude respondents who missed attention checks.

## 7 | RESULTS

### 7.1 | Manipulation check

To test whether our business-case manipulation had its intended effect of signaling that the firm is profit oriented, we asked respondents the following question (after asking them questions that measure our outcome variables): The business is primarily interested in being profitable. ANOVA testing revealed that perceived profit orientation among our MTurk sample was higher in the business-case condition ( $M = 4.84$ ,  $SD = 1.39$ ) compared to the no business-case condition ( $M = 4.15$ ,  $SD = 1.68$ ; *Cohen's d* =  $-0.45$ ,  $F(1, 500) = 25.10$ ,  $p < .001$ ). Likewise, ANOVA testing on the undergraduate sample revealed that perceived profit orientation was higher in the business-case condition ( $M = 4.89$ ,  $SD = 1.54$ ) compared to the no business-case condition ( $M = 3.97$ ,  $SD = 1.54$ ; *Cohen's d* =  $-0.60$ ,  $F(1, 326) = 29.5$ ,  $p < .001$ ). This suggests that our business-case manipulation was successful.

### 7.2 | Consumer condition results

In our MTurk consumer study ( $N = 170$ ), for each perceived trustworthiness dependent variable (i.e., integrity, benevolence and ability), the business-case (i.e., treatment) condition mean was no different from the no business-case (i.e., control) condition mean. In our undergraduate consumer study ( $N = 115$ ), for each perceived trustworthiness dependent variable, the business-case condition was no different from the no business-case condition. We therefore were unable to provide evidence in support of Hypotheses 1, 4, and 7. Our study suggests that business-case justifications do not affect the perceived trustworthiness of a CSR firm among consumers.

### 7.3 | Employee condition results

For our MTurk employee study ( $N = 171$  participants), we found that *integrity* trustworthiness was lower in the business-case condition ( $M = 6.07$ ,  $SD = 0.90$ ) than in the no business-case condition ( $M = 6.30$ ,  $SD = 0.81$ ; *Cohen's d* =  $0.26$ ,  $F(1, 169) = 3.00$ ,  $p = .09$ ) with marginal statistical significance. We also found that *benevolence* trustworthiness was lower in the business-case condition ( $M = 4.79$ ,  $SD = 1.08$ ) than in the no business-case condition ( $M = 5.30$ ,  $SD = 1.00$ ; *Cohen's d* =  $0.50$ ,  $F(1, 169) = 10.54$ ,  $p = .001$ ). Ability trustworthiness did not vary by experimental condition.

For our undergraduate employee study ( $N = 110$ ), the employee-integrity effect from our MTurk sample was not replicated, reducing our confidence in the robustness of this effect. For the ability trustworthiness outcome as well, the business-case condition was no different from the no business-case condition. We therefore were unable to robustly confirm hypotheses 2 and 8. Replicating our MTurk study result, however, ANOVA testing revealed that *benevolence* trustworthiness was lower in the business-case condition ( $M = 4.08$ ,  $SD = 1.22$ ) than in the no business-case condition ( $M = 4.47$ ,  $SD = 1.11$ ; *Cohen's d* =  $0.34$ ,  $F(1, 108) = 3.08$ ,  $p = .08$ ) with marginal significance.

As mentioned earlier, when we do *not* drop undergraduate sample respondents who missed attention checks, this benevolence trustworthiness effect is no longer statistically significant. More specifically, bivariate OLS regression results on the truncated sample ( $\beta = -0.39$ ,  $p = .08$ ,  $N = 110$ ) replicate the previous ANOVA results. Heeding Berinsky et al.'s (2014) advice to transparently present how study results vary at different attentiveness thresholds, we include in our analysis sample respondents who missed one out of two attention checks and observe the following results;  $\beta = -0.31$ ,  $p = .13$ ,

$N = 130$ . When we add to this sample respondents who missed both attention checks, we observe  $\beta = -0.26$ ,  $p = .15$ ,  $N = 145$ . Notice the magnitude of the treatment effect gets smaller (i.e., closer to zero) and its  $p$ -value increases as we successively allow more inattentive respondents into our sample. If our attention checks successfully identified inattentive respondents, these results make sense and suggest our manipulation was not affective among those who missed attention checks.

In cases such as this, Berinsky et al. (2014) also advise researchers to present the correlation of basic demographic predictors with the number of attention checks missed to determine potential bias in results that derive from truncated samples. We used bivariate OLS regression analysis to predict our attention check outcome (with values 0, 1, or 2 attention checks missed). Only the *female* variable was significantly correlated with this outcome ( $\beta = -0.11$ ,  $p = .09$ ,  $N = 435$ ). In other words, women were less likely than men to miss attention checks. Age, a self-reported measure of socioeconomic status, and race/ethnicity were not correlated with the number of attention checks missed. This means that dropping those who missed our attention checks biases our sample to include more women. Including a *female* dummy variable in an OLS regression model on our initial truncated sample yields confirming results ( $\beta = -0.38$ ,  $p = .09$ ,  $N = 110$ ). In sum, we find evidence to support Hypothesis 5, which asserts that a business-case justification for CSR reduces benevolence trustworthiness among employees.

## 7.4 | Investor condition results

Our MTurk investor study ( $N = 161$ ) did not yield evidence to support a business-case treatment effect for integrity and benevolence trustworthiness. We did, however, find that the business-case condition caused higher perceived ability trustworthiness ( $M = 6.10$ ,  $SD = 0.98$ ) than the no business-case condition ( $M = 5.72$ ,  $SD = 1.06$ ; Cohen's  $d = -0.38$ ,  $F(1,159) = 5.77$ ,  $p = .02$ ).

For our undergraduate investor study ( $N = 103$ ), there was not a statistically significant treatment effect for the integrity or benevolence trustworthiness dependent variables. ANOVA testing revealed, however, that investors' perceptions of ability trustworthiness were significantly higher in the business-case condition ( $M = 5.63$ ,  $SD = 0.79$ ) compared to the no business-case condition ( $M = 5.13$ ,  $SD = 0.95$ ; Cohen's  $d = -0.56$ ,  $F(1,101) = 8.00$ ,  $p = .006$ ). In sum, we find robust evidence to support Hypothesis 9 but are unable to find supporting evidence for Hypotheses 3 and 6.

We recognize that across the three stakeholders we focus on in this article, manipulating a study respondent to "think like an investor" is perhaps a stretch. A Gallup (2017) poll estimates that 54% of Americans "have any money invested in the stock market." We assume many of those investors do not spend much time acting from the perspective of an investor. In contrast, we think it is much easier for our study respondents to put on their consumer or employee "cap," so to speak. In order to scrutinize the external validity of our investor study results, therefore, we included the following *active investor* measure in our surveys. Respondents who indicated that their household had "investments in stocks, mutual funds, or other securities"<sup>1</sup> were then prompted to indicate the extent to which he or she agreed they were "actively engaged in making the investment decisions regarding these stocks, mutual funds and other securities." Respondents who selected a Likert scale (1 = agree very little, 7 = agree very much) value of greater than four were coded as an *active investor*. Table 2 confirms that respondents in our undergraduate sample are less likely to be active investors (10%) than respondents from our MTurk sample, 33% of which are active investors. We tested whether active investors responded differently to our study's treatment manipulation. Testing for an interaction effect in an OLS regression analysis predicting ability trustworthiness revealed that the business-case treatment effect did not vary by *active investor* status in our MTurk sample ( $\beta_{bc \times active\_investor} = 0.46$ ,  $p = .17$ ,  $N = 161$ ) nor our

undergraduate sample ( $\beta_{bcXactive\_investor} = -0.89, p = .10, N = 103$ ). This evidence bolsters the external validity of our investor condition results.

## 7.5 | Post-hoc analyses

In sum, we find robust evidence that business-case justifications increase ability trustworthiness perceived by investors and decrease benevolence trustworthiness perceived by employees. After analyzing our initial MTurk results and finding initial evidence of our predicted negative employee-benevolence business-case effect, we incorporated additional measurement items into the subsequent undergraduate study to help elucidate this intriguing employee result, which we explore below.

### 7.5.1 | Perception of cost–benefit analysis

After our initial MTurk evidence, we surmised that the negative business-case effect exists because articulating the business-case justification for CSR signals that the firm routinely engages in a *cost–benefit analysis* before making a decision, even CSR-related decisions. Tetlock, Kristel, Elson, Green, and Lerner (2000), for instance, found that evidence of a decision-makers' deliberation over tradeoffs between cost minimization and benevolent action (i.e., cost–benefit analysis) caused observers to express greater outrage toward the decision-maker. Additional work has shown that actors who arrive at benevolent decisions quickly, as opposed to slowly, receive more positive character evaluations due to signaling certainty and more unambiguous motives (Critcher, Inbar, & Pizarro, 2012). To determine if the perception that the firm frequently engages in cost–benefit analysis helps explain our employee result, we included this question in the undergraduate study; “Before FurnCo does something nice for someone, it considers the costs and benefits of doing so.” We found this Perception of Cost–Benefit Analysis (PCBA) measure moderated the business-case relationship ( $\beta_{PCBA \times BC} = -0.46, p = .003, N = 110$ ). Namely, the negative business-case effect was strongest among respondents (i.e., employees) who strongly agreed that “Before FurnCo does something nice for someone, it considers the costs and benefits of doing so” (see Figure 1).<sup>2</sup>

### 7.5.2 | Vulnerability

Our preliminary MTurk results raised an additional question. Why did the negative business-case effect on benevolence trustworthiness materialize only among employees, and not consumers as we had originally predicted? To address this question, we considered whether overall vulnerability varies by stakeholder (Pirson et al., 2017). Indeed, vulnerability is at the heart of many conceptualizations of trust, including Mayer et al.'s (1995). We surmised that employees are especially vulnerable to substantial harm caused by a firm. Because employees spend more hours in their day in close contact to the firm and depend upon their employers for their paycheck and therefore their livelihood, they are particularly vulnerable to firms that engage in cost–benefit analysis before engaging in CSR. We therefore had all undergraduate study respondents indicate the degree to which they agreed with the following statement: “FurnCo is not likely to disappoint me, if I were to become (an employee, a regular customer, an investor).” Those who agree very little with this statement are operationalized as particularly vulnerable.

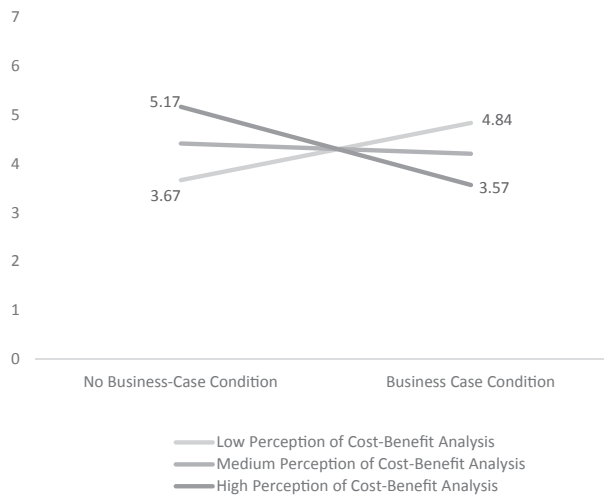


**FIGURE 1** Perceived benevolence trustworthiness among employees: Business case by perceived cost-benefit analysis interaction (undergraduate sample,  $N = 110$ )

OLS regression analysis with two stakeholder indicator variables predicting the Likert scale outcome that ranges from 1 (agree very little) to 7 (agree very much) confirmed our prediction. To avoid any treatment effects impacting our results, we only analyzed observations from our no-business-case conditions<sup>3</sup> and found that, relative to employees (the model's statistical referent category) with a mean of 4.16 (i.e., the model's slope intercept) consumers were more likely to agree that “FurnCo would not disappoint me” ( $\beta = 0.64$ ,  $p = .005$ ,  $N = 174$ ) and investors were also more likely to agree ( $\beta = 0.48$ ,  $p = .04$ ). This confirms that, in general, employees are in a more vulnerable position with respect to the firm than consumers and investors and supports our explanation as to why employees’ (but not consumers’) benevolence trustworthiness is dampened by business-case justifications. Namely, employees have more to lose. However, OLS regression analysis did not reveal that vulnerability moderated the business-case treatment effect on benevolence trustworthiness among employees ( $\beta_{\text{VULN} \times \text{BC}} = 0.06$ ,  $p = .71$ ,  $N = 110$ ). Future research should continue to explore the role overall vulnerability might play in stakeholders’ perceptions of firm trustworthiness.

## 8 | DISCUSSION AND CONCLUSION

In this article, we focus on a specific kind of linguistic sensemaking surrounding CSR (Basu & Palazzo, 2008; Hockerts, 2015; Landrum & Ohsowski, 2018) and its effect on stakeholder evaluations of the firm (Bitektine, 2011). In doing so, we expand CSR literature by moving beyond whether or not stakeholders know about the content of a firm's CSR (Crane & Glozer, 2016; Sen et al., 2006) and instead focus on the perceived motivations of the firm for engaging in CSR. In particular, we explore whether business-case justifications of CSR have an effect on stakeholders’ perceptions of firm trustworthiness. We find robust support that employees’ perception of benevolence trustworthiness is decreased when a firm uses business-case justifications for its CSR activity. This suggests that simply uttering the business case might stall one conduit through which CSR is expected to beget profits (e.g., through employee loyalty). We also find that investors’ perception of ability trustworthiness is increased as a result of business-case justifications. We find no evidence that consumers respond

either favorably or unfavorably to the business-case justification. We also cannot confidently assert that integrity trustworthiness budged for any stakeholders in our analysis.

Many scholars have focused on the importance of employees in their business-case models. CSR firms are argued to gain an upper hand in recruiting top talent (Greening & Turban, 2000; Turban & Greening, 1997), reducing labor costs (Burbano, 2016), increasing employee productivity (Burbano, 2017), and having happy employees which boost share price performance (Edmans, 2012). In sum, the argument is that people prefer to work for the “good” firms and will reward such firms accordingly. Given the prevalence of these various employee-centric business-case models, it is noteworthy that we find employees are the only stakeholder that experiences reduced trustworthiness in response to hearing the business case. Reduced benevolence trustworthiness, in particular, is likely to snuff out the reciprocal relationships that are argued to lead to loyal and committed employees (Fassin, 2012; Goodstein & Wicks, 2007). Our results suggest that if employees are not convinced CSR firms are looking out for their interests, many employee-centric business-case models will fall flat and fail to generate the flow of benefits that loyal employees are purported to provide to their employer. In sum, the negative business-case effect we find at the juncture of employees and benevolence trustworthiness is consequential to business-case scholarship.

In contrast, business-case models that rely upon the trust of investors find more support from our findings. This largely comports with the notion that investors are more likely to support socially responsible investments if they believe doing so is profitable. In particular, our findings suggest that investors view CSR firms to have higher ability trustworthiness when firms use the business-case justification. It is possible that our business-case treatment condition is actually measuring the capacity of a firm to do more than one thing well; effectively accomplish CSR goals and be profitable. Future research might further test if juggling multiple balls, so to speak, is sufficient to boost ability trustworthiness, or if the key is the presence of profitability.

We were unable to find robust evidence to suggest that the perceived integrity of firms is affected by business-case justifications. Importantly, however, we caution against interpreting these null findings to completely refute criticism of business case CSR on grounds that it hallows out CSR’s ethical core (Gond et al., 2009). One explanation for our null results on the integrity trustworthiness outcome is that the outcome is simply too vague. For instance, business-case justifications for CSR may be viewed as a transparent or honest account of why a firm is engaging in CSR. Pirson and Malhotra (2011) include transparency, defined as “willingness to share trust-relevant information with vulnerable stakeholders,” as an additional type of firm trustworthiness, which helps clarify a specific kind of integrity trustworthiness (p. 1,090). From this perspective, if firms are generally assumed to be profit oriented, then business-case justifications may enhance the perceived transparency of the firm and affectively cancel out our predicted negative integrity effect. In sum, future research should provide more precise measures of integrity trustworthiness.

In a similar vein, we also acknowledge that Mayer and Davis’ (1995) benevolence trustworthiness contains a moral component, in the sense that the firm is *helping* someone. The benevolence trustworthiness construct emphasizes that the *evaluator* him or herself is the one receiving a benefit and we focus on who the recipient is in generating our benevolence hypotheses. Another interpretation of benevolence trustworthiness, however, might emphasize that the firm is engaged in helping behavior. This inflection serves to refine what kind of integrity a firm has. In other words, we acknowledge that benevolence trustworthiness is morally tinged, and because we find a benevolence effect, we think there is room for additional empirical work on the effect that business case CSR has on its perceived integrity.

CSR scholars generally recognize two broad categories of CSR: stakeholder CSR and general welfare CSR (Aguinis & Glavas, 2012; Barnett, 2007, 2019). The former refers to the firm’s specific

relationships with its stakeholders and closely aligns to the stakeholder theory stream (Freeman, 1984). The latter construes CSR more broadly as the expectations of the firm to treat society and the natural environment responsibly, meaning stakeholders do not directly benefit from the CSR (Fosfuri, Giarratana, & Roca, 2016). We presented our study participants with an example of general welfare CSR. Future research can explore whether our study's findings and insights can be extrapolated to other kinds of general welfare CSR. We suspect they will. Applying this framework to stakeholder CSR, however, will likely change the predicted business-case effect on benevolence trustworthiness because stakeholder CSR, by definition, directly benefits a specific stakeholder group. For instance, making a business-case justification for generous employee benefits will likely not attenuate the benevolent trustworthiness of the firm perceived by employees.

Existing CSR evaluation studies tend to focus on one stakeholder. This makes some sense, because some disciplinary fields tend to focus on one stakeholder (e.g., consumer research, human resources and corporate governance) and more theoretically, there are likely unique characteristics of specific stakeholder groups that warrant a more narrow theoretical and empirical approach. Indeed, we acknowledge such distinctions across stakeholders in this study by generating different predictions across consumers, employees and investors. There are limitations, however, to one-stakeholder (and unspecified) stakeholder studies. For instance, scholars should be careful about extrapolating from theoretical and empirical work on one stakeholder to stakeholders in general. Du et al. (2010), for instance, suggest consumers are indifferent to business-case claims, and our results support this. Jahn et al. (2017) find that "individuals" (or unspecified stakeholders) evaluate extrinsically motivated firms as illegitimate and less credible. Our cross-stakeholder analysis, however, reveals that evaluations vary by stakeholder, highlighting the need for more cross-stakeholder studies.

Our experimental design is one way to conduct cross-stakeholder analysis, ensuring each participant is randomly assigned to one stakeholder role, thus precluding any possible selection effects. Potential retail investors in the wild, for example, might exhibit distinct characteristics compared to consumers and employees, thus confounding our hypothesized business-case effects. We welcome other creative research designs which feature stakeholders engaging in their more natural habitats, so to speak. We also acknowledge that there is additional stakeholder nuance to be explored. For instance, one could differentiate those who are considering a stakeholder relationship with a firm from those who are already in a stakeholder relationship. The latter category might more closely align the firm's survival with their own interests. In this article, for instance, we operationalize employees as job seekers, as others have done (Turban & Greening, 1997). Future research might explore whether the negative benevolence-employee effect obtains for existing employees as well.

We also acknowledge that our study's newspaper vignette provides a second-hand account of a firm's linguistic sensemaking. In other words, we assume that stakeholders perceive the firm's profit orientation (or lack thereof) by reading a newspaper article written by a third party. Our manipulation check confirms this assumption. While more direct accounts of firm sensemaking (e.g., a CSR or sustainability report) may compromise the perceived accuracy of the firm's environmental record by giving the appearance of "greenwashing," it may also provide a stronger sensemaking signal. We welcome future research to help untangle this issue.

We also acknowledge that the complexity of this cross-stakeholder analysis with respect to three different types of trustworthiness makes it difficult to elucidate the specific mechanisms and micro-processes at play. We have begun an exploration of the perceived cost-benefit analysis that is associated with business-case justifications. Variance in perceived vulnerability also seems key to cross-stakeholder differences. Future research is needed, however, to further flesh out the mechanisms and contingencies involved in the core associations presented here.

In conclusion, the business-case logic is more than just a theory that motivates scholarly research on the CSP–CFP link. As the business case for CSR logic infuses the sensemaking of firm actors, there are other important issues at stake. For instance, scholars have theorized the adverse effects of the business-case logic on society. In this article, we take an empirical approach and consider its impact on the trustworthiness of firms perceived by stakeholders. We hope future research continues to scrutinize an even broader array of implications.

## ACKNOWLEDGEMENTS

We thank Nicola Misani for helpful feedback on this manuscript.

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## ENDNOTES

- <sup>1</sup> Forty-four percent of the Mturk sample came from investor households, by this measure, and 27 percent of the undergraduate sample (data not shown in Table 2).
- <sup>2</sup> Additional analyses shows PCBA does not moderate the business-case effect for consumers or investors, only employees. Furthermore, the PCBA does not clearly mediate the relationship between the business-case condition and benevolence trustworthiness for employees. For instance, the positive correlation between the business-case condition and PCBA is not statistically significant ( $\beta = 0.44$ ,  $p = .11$ ,  $N = 110$ ) and PCBA is not associated with benevolence trustworthiness ( $\beta = -0.02$ ,  $p = .77$ ,  $N = 110$ ).
- <sup>3</sup> Analyzing pooled data of both conditions also yields confirming evidence.

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**How to cite this article:** Peifer JL, Newman DT. Making the business case for corporate social responsibility and perceived trustworthiness: A cross-stakeholder analysis. *Bus Soc Rev*. 2020;125:161–181. <https://doi.org/10.1111/basr.12210>

## APPENDIX 1. Fictitious newspaper excerpt

FurnCo's recycling program reduces waste *and generates profits*

Rockhaven, IL, November 13, 2016- Every year, industrial factories in the United States generate 7.6 billion tons of industrial waste that eventually ends up in our nation's landfills. FurnCo, a large furniture manufacturer, recycles 85% of its manufacturing waste and has 131 landfill-free facilities. *The company is finding that the long term revenue generated from its recycling program is helping offset its initial investments in the recycling program*

FurnCo uses a number of strategies to achieve its landfill-free goals, but the underlying philosophy is thinking of waste as a *profit-making* resource that is simply "out of place." While some managers were initially skeptical, FurnCo has received increased internal support for the program since it began approaching waste reduction from a sustainable *financial perspective and generating revenue from its waste streams*

FurnCo manages byproducts in one electronic tracking system with a goal of recovering all resources *to their highest monetary value*. For instance, FurnCo recycles its cardboard packaging into acoustic padding that reduces noise passing through the office cubicle partitions that it sells. Also, by mixing plastic packaging that protects its furniture during shipment with other post-consumer plastics like bottle caps, FurnCo makes rubber mats to protect hardwood floors from furniture scratches. All byproducts are regarded as useful *and a profit maker*

Last year alone, FurnCo recycled or reused 2.5 million metric tons of waste materials—equivalent to 38 million garbage bags. It recycles more waste from its facilities than any other furniture maker. *FurnCo also generated \$660 million in revenue through various recycling activities in the past three years*

*Note.* The business-case treatment condition includes italicized words. The no business-case condition does not.

## APPENDIX 2. Perceived trustworthiness survey items

### *Integrity*

I like this business's values

Sound principles seem to guide the business's behavior

This business has high integrity\*

I can depend on this business to do the right thing\*

### *Benevolence*

This business is very concerned about my welfare.

My needs and desires are very important to this business

This business really looks out for what is important to me

This business would not knowingly do anything to hurt me

### *Ability*

This business is very capable of performing its job

I feel very confident about this business's skills

This business is well qualified

This business is successful at the things it tries to do

*Note.* Unless asterisked, all trustworthiness items are borrowed from Mayer and Davis (1999). Asterisked items are borrowed from Walsh and Beatty (2007). The order in which participants answered questions was randomized and the headings above were not visible to respondents.